

Comptroller's Directive No. 3-08

Attachment 5

Energy Performance Contracts

Purpose

This attachment is used to gather uniform financial reporting information for Energy Performance Contracts for which the Commonwealth has an outstanding obligation. The Treasury Board administers the lease financing program for energy efficiency projects. These projects are intended to reduce energy consumption and demand or allow for the use of an alternative energy source. In some cases these projects are funded through escrow financing. These contracts are considered installment purchase obligations of the Commonwealth. A bank account is established for the agency to purchase equipment or pay for other project expenses over a certain period of time. This is similar to prior year's Attachment 4.

Do not include any information on this attachment related to other types of installment purchase obligations or for energy related contracts that were funded with existing resources. All other types of installment purchase obligations should be reported on [Attachment 7, Schedule of Outstanding Installment Purchase Obligations](#).

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Applicable agencies

All agencies with obligations or current year activity related to “Energy Performance Contracts” that are **not** reported on a financial statement template **must** complete this attachment.

Note: The beginning balance will automatically populate based on the agency number selected on the **Debt** tab of the attachment spreadsheet. In order to obtain the appropriate beginning balances, the following agencies must key the specified three-digit agency number for all related facilities / agencies:

- The Department of Corrections must aggregate central office and all facilities using 701. The Department submitted two attachments in the prior year and the drop down list has been updated as follows:
 - 701-1 corresponds to agency prior year submission 701-1
 - 701-2 corresponds to agency prior year submission 701-2

Note: For new agreements, choose 701 from the drop-down list and save the file with the next number in sequence. For example, 701-3Att5.xls.

- The Department of Mental Health, Mental Retardation, and Substance Abuse Services must aggregate central office and all facilities using 720. The Department submitted four attachments in the prior year and the drop-down list has been updated as follows:
 - **720-1 corresponds to prior year submission 720**
 - **720-2 corresponds to prior year submission 720a**
 - **720-3 corresponds to prior year submission 720b**
 - **720-4 corresponds to prior year submission 720c**

Note: For new agreements, choose 720 from the drop-down list and save the file with the next number in sequence. For example, 720-5Att5.xls.

- The Supreme Court of Virginia must aggregate all agencies 103, 111, 112, 113, 114, 115, 116, 125, 160 using 111.

Due date

July 31, 2008

Certification

The **Certification** tab requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed, the information is both complete and accurate, and the preparer and reviewer were not the same individual for any tab.

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Submission requirements

Contact DOA if the agency has any problems with the spreadsheets.

A separate template must be completed for each energy performance contract. **After downloading the files, rename the spreadsheet file using the agency number followed by Att5-Contract Number.** For example, if agency 151 has two energy performance contracts, two attachments will be submitted. The attachments will be renamed as follows: 151Att5-1 and 151Att5-2.

Submit the Excel spreadsheet electronically to finrept-agvatt@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do **not** submit paper copies of these Excel spreadsheets.

For your convenience, the yellow contact information cells have been linked to the remaining tabs. However, they remain unlocked to allow for more than one preparer to complete the attachment.

Attachment revisions

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log tab in the attachment excel file.**

Enter the revision date, applicable excel file tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

Include “**REVISED – date**” in the **subject line** of the submission e-mail as well as in the **file name**. Resubmit the revised attachment; and ensure that the **Revision Control Log** tab has been completed.

Each time a revision is submitted the Certification tab should be updated with new signatures and dates.

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Definitions

Energy Performance Contracts – Agreements provided by an approved energy performance contractor which provide a guarantee to significantly reduce energy operating costs of an essential Commonwealth facility through one or more energy conservation or operational efficiency measures. As a reminder, the Treasury Board must approve all Energy Performance Contracts.

Installment Purchases – Financing agreements to acquire assets for which title passes immediately to the agency. Financing arrangements covered by the Treasury Board Master Equipment Leasing Program are considered installment purchases.

Lease – A financing agreement in which the title may pass by the end of the lease term, or may not pass at all.

Capitalized Assets – For CAFR financial reporting purposes, capitalized assets are equipment related to projects valued greater than or equal to \$50,000 and all other asset categories valued greater than or equal to \$100,000.

Controlled Assets – For CAFR financial reporting purposes, controlled assets are equipment related to projects less than \$50,000 and all other asset categories less than \$100,000.

Compounded Interest – In some financing agreements the outstanding principal balance of the loan increases, because the scheduled monthly payments do not cover the full amount of interest owed. The unpaid (compounded) interest is added to the outstanding principal, to be repaid later.

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Additional considerations

GASBS No. 34 Government-wide Financial Statements

This attachment obtains information to convert the Governmental Fund Statements (modified accrual) to the Government-wide Statements (full accrual). Also, the installment purchase obligation must be reported on the following two separate line items on the Statement of Net Assets: amounts due within one year and amounts due in greater than one year.

LAS and FAACS

Agencies should ensure that installment purchases are NOT included in the Lease Accounting System (LAS) and that the capital assets acquired through these installment purchases are properly recorded in FAACS.

Audit

For audit purposes, prepare and maintain a separate listing of assets acquired under "Energy Performance Contract" related installment purchases. Also, prepare and maintain a separate file of bank statements, contractor invoices, and other documents related to balances listed on the attachment.

Please provide this supporting information to :

Greg Lehman, Financial Reporting Analyst
Department of Accounts
P.O. Box 1971
Richmond, Virginia 23218-1971
Phone 804-371-7805
Fax 804-225-2430

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Completing
Debt
Worksheet tab

Cells that require input are shaded in light yellow.

Step	Action
	<p>Enter the agency number. This must be done FIRST for the spreadsheet to function properly. For your convenience, it is only necessary to enter the contact information on the Debt Worksheet tab. The contact information is linked to the remaining tabs; However, the contact information in the remaining tabs may be overwritten if necessary.</p> <p>Note: The following agencies must key the specified three-digit agency number for all related facilities / agencies:</p> <ul style="list-style-type: none"> • The Department of Corrections must aggregate central office and all facilities using 701. The Department submitted two attachments in the prior year and the drop down list has been updated as follows: <ul style="list-style-type: none"> ○ 701-1 corresponds to agency prior year submission 701-1 ○ 701-2 corresponds to agency prior year submission 701-2 <p>Note: For new agreements, choose 701 from the drop-down list and save the file with the next number in sequence. For example, 701-3Att5.xls.</p> <ul style="list-style-type: none"> • The Department of Mental Health, Mental Retardation, and Substance Abuse Services must aggregate central office and all facilities using 720. The Department submitted four attachments in the prior year and the drop-down list has been updated as follows: <ul style="list-style-type: none"> ○ 720-1 corresponds to prior year submission 720 ○ 720-2 corresponds to prior year submission 720a ○ 720-3 corresponds to prior year submission 720b ○ 720-4 corresponds to prior year submission 720c <p>Note: For new agreements, choose 720 from the drop-down list and save the file with the next number in sequence. For example, 720-5Att5.xls.</p> <ul style="list-style-type: none"> • The Supreme Court of Virginia must aggregate all agencies 103, 111, 112, 113, 114, 115, 116, 125, and 160 using 111.

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Completing Debt Worksheet tab, continued

Step	Action
1	<ul style="list-style-type: none"> Enter the beginning balance into the Debt Worksheet tab of the attachment spreadsheet. If the agency's beginning energy performance contract obligation is different than the ending obligation reflected in the fiscal year 2007 submission and in the below auto populated cell, please provide the adjusted beginning obligation amount and the reason for the difference. Enter the amount of new "energy performance contract(s)" during fiscal year 2008. <p>Note: For new contracts entered into during FY 2008 and later, the agency should submit a separate attachment for each new contract.</p> <ul style="list-style-type: none"> Enter the amount of principal increases due to the compounding of interest. Enter the debt service principal payments made in FY 2008 for energy performance contracts. The ending balance will be computed for the agency. The agency does not have to enter this number. <u>This number MUST agree to the total future principal payments plus compounded interest in step 3.</u>
2	<p>Complete the detailed information about the principal and interest debt service payments:</p> <ul style="list-style-type: none"> Enter corresponding amount of principal and interest by fund / fund detail and function. Total principal MUST agree to the total in Step 1. If not, an ERROR message will appear. Identify the fund / fund detail used by the agency to accumulate and pay energy costs.
3	<ul style="list-style-type: none"> Enter future principal and interest payments as well as interest that is expected to accrue and compound by year for the first five fiscal years indicated, and then in five-year increments thereafter. Send supporting documentation to DOA. <p>Total principal payments MUST EQUAL the ending balance in step 1 plus compounded interest. If not, an ERROR message will appear.</p>

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Completing the Fund Activity tab

The contact information is linked to the Debt Worksheet Tab. Cells that require input are shaded in light yellow.

Step	Action
1	<ul style="list-style-type: none">• Provide the date of any current year financing agreement that was entered into and the date your agency received the related proceeds.
2	<ul style="list-style-type: none">• Provide the cash basis fund activity related to energy contracts. Enter beginning balance amount. If the beginning balance amount does not represent the agency's ending balance reported in the prior fiscal year directive submission, please provide explanation in the comment box.• Enter investment earnings, payment to contractors, and other payments (excluding debt service). Current year proceeds will auto populate. Send supporting documentation to DOA, including bank statement, portfolio summary, and schedule of values.• Provide whether amounts are recorded in CARS and if so, enter the agency #, fund / fund detail and GLA.• Categorize the ending balance of unspent proceeds as cash, cash equivalents, or investments. Complete Attachment 24 – Schedule of Cash, Cash Equivalents, and Investments as of June 30 if there is a balance in any of these fields.
3	<ul style="list-style-type: none">• Provide total payments to contractors made in July and August 2008, which relate to amounts owed at 6/30 (excluding retainage). If data is unavailable by the due date, please provide an estimate.• Provide amount owed to contractors as of 6/30 for which payments were made after August 31, 2008. If data is unavailable by the due date, please provide an estimate.• Provide retainage payable as of 6/30.
4	<ul style="list-style-type: none">• Provide information about any energy contract agreements entered into subsequent to June 30, 2008.

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Completing the Capital Assets tab

The contact information is linked to the Debt Worksheet Tab. Cells that require input are shaded in light yellow.

Step	Action
1	<ul style="list-style-type: none">Answer yes or no as to whether capitalized equipment valued at \$50,000 or more and / or all other asset categories valued at \$100,000 or more were acquired with energy contract proceeds
2	<ul style="list-style-type: none">If you answered yes in step 1, answer yes or no as to whether any payments to contractors on the Fund Activity tab resulted in purchases of capital assets.If yes, complete the schedule at step 2If no, explain why in step 2 and complete the schedule at step 3

Function codes defined

Functional codes are the first number in every service area. For example, service area 1031000 "Community Services" would fall under the "Education" function. Each functional code and its corresponding description are below.

- 1 – Education
- 3 – Administration of Justice
- 4 – Individual and Family Services
- 5 – Resources and Economic Development
- 6 – Transportation
- 7 – General Government
- 8 – Enterprise

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